

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7383**

**BILL NUMBER:** HB 1293

**NOTE PREPARED:** Jan 10, 2013

**BILL AMENDED:**

**SUBJECT:** Artisan Distiller's Permit.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill creates an artisan distiller's permit for a person who desires to commercially manufacture not more than 20,000 gallons of liquor in a calendar year (excluding the amount of any liquor sold through a liquor wholesaler). It allows an artisan distiller to do the following:

- (1) Manufacture, blend, bottle, store, transport, and sell liquor to a wholesaler.
- (2) Serve complimentary samples and sell liquor to consumers by the drink, bottle, or case at the artisan's distillery.
- (3) Hold an interest in a farm winery permit or microbrewery permit and sell and serve complimentary samples of liquor to consumers at the farm winery's additional locations or on the brewery premises.

The bill provides that an applicant must do the following to be eligible for an artisan distiller's permit:

- (1) Hold a farm winery permit, brewer's permit, or distiller's permit for the three year period preceding the date of the application.
- (2) Not have more than one violation of the same alcoholic beverage law during the three year period immediately preceding the date of the application.
- (3) Not have a violation of any alcoholic beverage law during the year preceding the date of the application.

The bill also allows the Alcohol and Tobacco Commission to collect an annual \$250 permit fee for a biennial artisan distiller's permit. It provides that a percentage of the artisan distiller's permit fee is deposited in the Enforcement and Administration Fund and the state General Fund. It makes conforming amendments.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC)* - This bill could increase administrative expenditures for the ATC by requiring the ATC to establish and implement rules governing the issuance of an artisan distiller's permit. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

**Explanation of State Revenues:** *Permit Fees* - The bill requires artisan distiller's permit holders to pay an annual fee of \$250. Permit fee revenue would be deposited in the Enforcement and Administration Fund and the state General Fund. The bill provides that only current holders of farm winery permits, brewer's permits, and distiller's permits that have held those permits for at least three years and have not violated alcoholic beverage laws may be eligible for an artisan distiller's permit. According to ATC permit counts, 195 farm winery, brewer's, and distiller's permits have been issued throughout the state. Assuming all of these permit holders are eligible and choose to obtain an artisan distiller's permit, the estimated maximum revenue generated by permit fees in FY 2014 is \$48,750.

*Alcoholic Beverage Sales* - This bill allows artisan distillers to sell their liquor by the drink, bottle, or case from the premises of the distillery where the liquor was manufactured. To the extent that the provisions of this bill increase liquor sales, state revenues from the Alcoholic Beverage Tax and the Sales Tax could increase. However, any net increase in sales would likely be small because an increase in liquor sales by artisan distiller permit holders could lead to a decrease in sales of other alcoholic beverages or other sales taxable items.

The Alcoholic Beverage Tax of \$2.68 per gallon on liquor is distributed to the following funds: state General Fund (\$1.00), Post War Construction Fund (\$1.17), Enforcement and Administration Fund (\$0.11), Pension Relief Fund (\$0.34), and Addiction Services Fund (\$0.06). Fifty percent of the revenue distributed to the General Fund is allocated to cities and towns according to a formula based on population. In FY 2012, over 9.5 M gallons of liquor were sold.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local revenues will increase to the extent that a local unit receives funds from the state General Fund, Commuter Rail Service Fund, or Industrial Rail Service Fund (for more information, see the *Explanation of State Revenues*).

**State Agencies Affected:** Alcohol and Tobacco Commission.

**Local Agencies Affected:**

**Information Sources:** *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2012. ATC Online License Search. <http://www.in.gov/apps/atc/permit/search/>

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